

EXHIBIT 44

(PART 1 OF 2)

Exhibit 49

D ☐ P ☐ Exhibit 8394
Deponent Zhang
Date 9/5/19 Rpt SW



June 29, 2018

Certification

Park IP Translations

This is to certify that the attached translation is, to the best of my knowledge and belief, a true and accurate translation from Chinese into English of the document with bates number range: IRI-CRT-00000956 – IRI-CRT-00001010.

A handwritten signature in black ink, appearing to read 'Hanna Kang'.

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IRICO Group Corporation - Company Document

IRICO OFFICE No. (2004) 97

Issuer: Tao Kui

**Request for instructions about "Overall Plan for the Separation,
Restructuring and Diversion of Primary and Secondary Service of
IRICO Group Corporation "**

To Ministry of Finance of the People's Republic of China:

According to the description of "Implementation Measures for the Reassignment of the Redundant Staff by the Separation of Primary and Secondary Service, Restriction and Split of Auxiliary Business from State-owned Large and Medium-sized Companies" issued by 8 ministries (including Former State Economic and Trade Commissions - Company Refrom FileNo.[2002] 859), "Notice On the Issues of Further Defining the Separation of Primary and Secondary Service, Restruction and Split of Auxiliary Business of Large and Medium-sized State-owned Companies" issued by 4 ministries (including State-owned Assets Supervision and Administration Commission of State Council of People's Republic of China) (State-owned Assets



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-allocation file No.([2003]21) and other official documents, IRICO Group Corporation combined the actual situation and requests from 'Notice on Basic Contents and Related Requirements about Overall Plan on Separation, Restructuring and Diversion of Primary and Secondary Service Submit by State-owned Key Companies' issued by 3 ministries (including former state Economic and Trade Commission, Ministry of Finance, Ministry of Labor and Social Security Department of the People's Republic of China, State Economic and Trade Commission Company Restriction Office file No.[2003] 27 and presented the "Overall Plan for the Separation and Reform of Primary and Secondary Service of IRICO Group Corporation " for revision.

- Annex: 1. Overall Plan on Separation, Restructuring and Diversion of Primary and Secondary Service of IRICO Group Corporation
2. Organisation Chart of IRICO Group Corporation
- 3.Strategic Positioning and Development Planning of IRICO Group Corporation (Abstract)
4. List and basic information of units participating in the restruction plan
5. Resolution issued by Executive Office (Resolution issued by General Manager Office)

[Stamp: IRICO Group Corporation.]

12 April 2004

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IRICO Group

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Annex: 1:

**IRICO Group Corporation
Overall Plan on Separation, Restructuring and
Diversion of Primary and Secondary Service**



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Annex 1:

IRICO Group Corporation
Overall Plan on Separation, Restructuring and Diversion of Primary and Secondary Service

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Annex 1:

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IRICO Group Corporation
Overall Plan on Separation, Restructuring and Diversion of Primary and
Secondary Service

Part I Basic Information of IRICO Group Corporation

I. Brief Description of IRICO Group Corporation

(I) Historical evolution

IRICO Group Corporation. is a large-scale wholly state-owned company approved by the State Council and is directly managed by the State-owned Assets Supervision and Administration Commission of the State Council. IRICO GROUP Co. Ltd was established on the basis of the former IRICO ELECTRONICS Group Corporation. Its predecessor was the Shanxi Color CRT Plant and was listed as a key introduced project by the national "6th Five-Year Plan" and "7th Five-Year Plan". The first Chinese colour picture tube in China was produced in the former Shanxi Colour CRT Plant.

(II) Situation of Asset Management

1. Situation of Assets

As of December 31, 2003, IRICO Group Corporation - total audited amount of assets is 8,206,086,237.50 yuan, total liability is 3,741,147,826.62 yuan, total owners' equity is 4,464,938,410.88 yuan.

2. Situation of Operating activities

Main operating items of IRICO Group Corporation is colour display devices and its components, wherein the annual production capacity of colour picture tube (CPT) and colour display tube (CDT) (CPT and CDT belong to the range of CRT Products) breakthrough 11 million pieces. From the establishment and production date to current date, IRICO Group Corporation has produced 90.04 million colour picture tubes (display tubes) in total, cumulative product sales revenue is 72.1 billion yuan, realised profits and taxes is 9.078 billion yuan, export foreign currency earnings is 1.025 billion U.S. dollars.

(III) Situation of Personnel

The total number of employees in IRICO Group Corporation is 21410, wherein the number of various management personnel, engineers and technicians are respectively 1110 and 1579.

(IV) Investment structure and key companies

At present, the number wholly-owned subsidiaries, holding companies and joint stock companies of IRICO Group Corporation is 28, wherein IRICO Colour Picture Tube General Plant and IRICO Display Devices Co., Ltd. (LISTED COMPANY) are the key companies of IRICO Group Corporation .



IRICO COLOUR PICTURE TUBE GENERAL PLANT

IRICO Colour Picture Tube General Plant, an company owned by the whole people which was authorised by the Administration for Industry and Commerce of Shanxi Province and established in 1979. This plant is a wholly-owned subsidiary of IRICO Group Corporation . As of December 31, 2003, total assets of the plant is equal to 3,925,950,119.47 yuan, total liabilities of the plant is equal to 2,121,469,979.75 yuan, total owners' equity is equal to 1,804,480,139.72 yuan.

IRICO DISPLAY DEVICES CO., LTD.

IRICO Display Devices Co., Ltd. was established on July 29, 1992 and its stock was listed on Shanghai Stock Exchange on May 20, 1996. IRICO Group Corporation holds 56.14% stake of IRICO Display Devices Co., Ltd. As of December 31, 2003, the total audited assets of IRICO Display Devices Co., Ltd. is equal to 2,852,051,406.18 yuan, total liabilities is equal to 933,336,245.76 yuan, total owners' equity is equal to 1,918,715,160.42 yuan.

II. Situation on the development of primary service of IRICO Group Corporation

(I) Work done by highlighting elites in the primary service and improving the competitiveness of the primary service

1. Measures taken and main practices

(1) In 1992, the promotion and continuous improvement of the job skills wage system saved manpower costs and laid the foundation for the primary service continuing to deepen the reform of three systems.

(2) In 1993, the third industry division was established, in 1994, the division was restructured into a company (IRICO Third Industry Company) with independent legal person status. This company was assigned the functions of auxiliary production systems and logistical service units which were the support for the primary service. IRICO Third Industry Company is also the main channel for IRICO Group to separate secondary service and resettle redundant personnel.

(3) In 2002, the phosphor factory and deflection factory were sold respectively to a fluorescent material company controlled by IRICO Group and Xi'an ZIXUN Company, which enabled the organization streamlining and management strengthening of IRICO Group, the scale and market competitiveness in the market of these two companies were also enlarged and increased.

(4) In 2002, the implementation of the internal simulation market plan and the internal price settlement measures have enhanced the market awareness of various production Units.

(5) March on new display device, trial production of PDP products to solve the follow-up development issues of the Group.

(6) Strengthened the construction of technology research institutions and team, increased investment in the Group's technology centre, adopted technological transformation, process transformation and technical measures have improved productivity of primary service and corporate benefits.

2. Results achieved

The implementation of the above measures and practices has achieved significant results. Various economic indicators of the Group



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achieved steady growth, 2003 annual production number of colour tubes is 11.51 million, with year-on-year growth 19.8%; sales number of Colour Tubes is 11.54 million, with year-on-year growth 15.4%; completed sales revenue is 7.8 billion yuan, with year-on-year growth 12.6%; completed industrial output value is 12.5 billion yuan, with year-on-year growth 20%; completed industrial added value is 2.75 billion yuan, with year-on-year increase 6.6%; realised profits and taxes is 950 million yuan, with year-on-year growth 12.02%, wherein the total profit is 594 million yuan, with year-on-year increase 30%, export CPT is 2.96 million, with year-on-year growth 48.7%; export earnings 85 million US dollars, with year-on-year growth 34%.

(II) Conditions on Implementation of the Policy of Reducing Personnel, Increasing Efficiency, Diversion and Resettling of Abundant Personnel

1. The main measures taken

(1) The Group transferred the division of logistics, public welfare, property etc to the established IRICO Third Industry Company with related personnel diverted and resettled. In the past 9 years, over 1500 abundant personnel of primary service have been resettled by IRICO Third Industry Company.

(2) Over 400 employees of Xi'an IRICO Appliance Industry Company were diverted and resettled by adjusting of product structure.

(3) Over 200 personnel were diverted and resettled by the national policy on internal retirement.

(4) Over 1000 personnel were diverted and resettled by technical transformation, structural adjustment and streamlined mergers.

2. Results achieved

With the adoption of the above measures, over 3000 abundant personnel in total were diverted and resettled, which accounted up to 14% of the total number of personnel in the Group. The annual output piece of the color tube at the beginning of the construction of the Group is 0.96 million with about 5000 personnel; in 2003, the annual output piece of CPT of the Group has reached 11.51 million, only 13,000 employees were directly engaged in the production of color tubes and components, the company's labor productivity has been significantly improved.

(III) Main problems encountered in the development phase of primary service

1. The wholly-state-owned ownership is not conducive to the continued development of primary service.

According to annual data of 2002, besides IRICO Group Corporation, current domestic CRT manufactures are all foreign-funded, foreign joint venture or joint-stock companies, and IRICO Group Corporation is the only wholly state-owned company. In the fierce competition, the institutions and mechanism of the Group and its competitors were not on a same platform.

2. Heavy historical corporate duty

Due to historical reasons and geographical environment, the Group has assumed a considerable number of social functions, wherein affiliated schools, hospitals, kindergartens, public security offices etc were established. In the environment of increasingly fierce market competition, considerable effort and expense are required in such units so that the Group could not fully focus on production and operating activities.

3. Higher Overall Labour Costs

In terms of personnel structure of domestic colour tube manufacturing companies, original fixed-workers of IRICO Group accounted for the largest proportion,



so the wage costs are relatively high; In addition, Due to the limitation of the state-owned company system, it is difficult for companies to make marketisation in terms of personnel entry and exit, income adjustment, etc.

(IV) Problems existed in the work of diverting redundant personnel

1. Constraints in the socio-economic environment

The main company and majority employees are located in Xianyang City, a western Chinese city where the economy and society were not developed. The demand for labour resources from the society is relatively low with limited market capacity and there were many laid-off and unemployed people, making it difficult to divert redundant personnel.

2. Ideas and thoughts of personnel are relatively conservative

Due to historical reasons, the company formed a relatively closed and independent industrial city, which lead employees to a strong awareness of traditional concept and weak abilities to adapt to economic changes, making it more resistant on implementing reforms.

3. Limitations on diverting and resettlement of redundant personnel

In the past, personnel diverting and resettlement work was implemented without complete labour contract system, most of the labor relations were still remained in IRICO Group or IRICO Colour Picture Tube General Plant, the actual relationship between these personnel and Group were not changed fundamentally. Actually, the unlimited joint of several liabilities to the Group have not actually been lifted. In addition, the Units that received abundant personnel of primary service were failed to establish a complete corporate governance structure, and the property rights and affiliations were still not clear, which restricted the development of these Units.

(V) The Ideas and Goals of Mastering the Competitive Strength of Primary Service in the Future

1. Ideas on reforming and development of primary service

- (1) Continuing to deepen the reform of the property rights system and implement a standardised corporate restructuring of primary service.
- (2) Establishment and improvement of the management system of parent-subsidiary company, and making change of the Group from productive operation to strategic management.
- (3) Implementation of overall cost guiding strategy in the field of productive operation; Implementation of relevant pluralism strategy in the field of display devices, strengthen technology research and development, track new products and technologies in the field of new display devices, making preparations for the Group with industrial and product structural adjustments.
- (4) With the help of the capital market, carrying out financing operations to increase the competitiveness and influence of primary service of the Group.
- (5) Optimisation of internal organization and functions, further reform on personnel issues, labour and distribution system.
- (6) Continuing to strengthen the construction of corporate culture system.
- (7) Implementation of the primary and secondary services' separation so that primary service would be continued without burden.

In summary, the overall thinking of the reform and development of IRICO Group includes: under the guidance of the correct development strategy,



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giving play to strategical management function of the Group, implementing series of restructure and reform in the property right system, management system, internal mechanism, primary and secondary service separation, and achieving core competitiveness from overall cost guiding strategy; strength the transformation and creation of existing products, optimisation of product structure, timely entering the new display device field and realise industrial structural transfer by increasing the investment into scientific research.

2. Goal planning

By 2010, operating as a company with clear competitive advantages in the CPT field; capable of product researching or collaborative production with transnational companies, transform into a production and researching base with multiple products, scale operation, modern management system and international competitiveness, laying a solid foundation for long-term goal for "IRICO GROUP WITH HUNDRED YEARS' HISTORY"

Part II Overall situation on Separation, Restructuring and Diversion of Primary and Secondary Service

Paragraph I Separation of Primary and Secondary Service

I. Basis and scope on Division of Primary and Secondary Service

(I) Basis on Division of Primary and Secondary Service

1. The development strategy and planning of the Group are the fundamental basis on determining the boundaries of primary and secondary service.

According to the company strategy formulated in 2003, the Group implemented basic competitive strategy of overall cost guiding in the field of CPT products, which made the Group become an company with lowest overall cost and highest competitiveness in the display device field; With good operation of CPT products, the Group implemented multiple operation strategy at the same time, made the new type of display device as new economic growth point of the Group and strived to cultivate it as the second pillar of economy.

According to the strategic positioning and development plan listed above, existed CPT products and new display device are the core services of the Group and main direction of development, which also belong to the primary service of the Group (see Annex 2 for details).

2. Since the strong comprehensive supporting capacity is an important part of overall cost guiding strategy of the Group, the CPT supporting companies which constitute a major influence on overall cost are listed in the category of Primary Service.

- (1) High business relevance and inseparable companies in CPT field.
- (2) Supporting companies with high trading or conversion cost and direct impact on the competitiveness of CPT products.
- (3) Supporting companies with higher ratio of cost composition and direct impact on the competitiveness of CPT products.
- (4) Supporting companies with relatively high profit contribution rate or high revenue proportion of CPT business, high impact to the revenue of the Group.

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(II) Basic category of primary and secondary service

1. The basic category of primary service

The primary service must be related to display device, irrelevant industries and products are not listed in the category of primary service.

In view of IRICO Group's core competitiveness is overall cost guiding strategy, and it was mainly due to the high comprehensive supporting capacity of the Group, therefore the supporting companies with direct impact on overall cost composition for the display device of the Group are listed in the category of primary service.

2. Basic category of secondary service

Such category are those which were not listed in the category of primary service. The basic category of secondary service mainly include:

- (1) Parts of the Group that undertake social functions (such as schools, hospitals, public security office, IRICO Vocational College, IRICO Technical Secondary School, IRICO Technical School, etc.)
- (2) Logistic service system (mainly concentrated in IRICO Third Industry Company)
- (3) Supporting production systems with high degree of marketisation and non-significant transaction or conversion cost
- (4) Non-CRT industries which invested by the Group

(III). Specific scope of primary and secondary service

1. Specific scope of primary and secondary service

(1) Products of primary service mainly include:

- 1) Production and assembly of colour display devices with various types and specifications
- 2) Main spare parts of colour display device, including electron gun, glass bulb, screen, deflection coil and special parts, etc.

(2) Companies of primary service mainly include:

- 1) CPT 1st Plant (CPT final assembly)
- 2) IRICO Display Devices Co., Ltd. (CPT final assembly)
- 3) IRICO Electron Gun Factory (Special supporting company of IRICO CPT, inseparable)
- 4) IRICO Electronic Screen Factory (larger proportion of the cost and high conversion cost)
- 5) IRICO Glass Factory (considerably large proportion of the cost and high conversion cost)
- 6) Xi'an IRICO Information Company (large proportion of the revenue and cost, high conversion cost)
- 7) Xianyang IRICO Electronic Accessories Company (Special in product supplying, inseparable)
- 8) Zhuhai Caizhu Industrial Corporation (large proportion of the revenue)
- 9) IRICO (Kunshan) Industrial Corporation (larger proportion of the revenue)



- 10) Shanxi Caiqin Electronics Co., Ltd. (Special spare parts supplying for IRICO CPT)
- 11) Shanxi IRICO Fluorescent Materials Co., Ltd. (large proportion of the revenue and cost, high conversion cost)

2. Specific scope of secondary service

(1) Social units ran by the Group

- 1) Units responsible for government functions; IRICO Group - Public Security Division
 - 2) Public welfare units: IRICO School, IRICO Hospital, IRICO Vocational College, IRICO Technical Secondary School, IRICO Technical School
 - 3) Welfare-type units: IRICO Kindergarten, Public Welfare Facilities (including shuttle bus team, bowling centre, swimming pool, gymnasium, real estate management office), property management centre, passenger shuttle team and communication stations managed by IRICO Third Industry Company

(2) Operational units providing logistics services

- 1) Three production headquarters' subsidiaries, IRICO Funeral Parlour, reception centre (including a travel agency), labour insurance products factory, commercial beverage company, advertising agency, renovation company, Qilipu comprehensive market, vehicle garage, equipment company, greenery company
- 2) IRICO Color Picture Tube Plant - Power Plant

(3) Part of the supporting manufacturing companies

- 1) Shenzhen IRICO Electronics Co.
- 2) Bracket Factory, Electronic Packaging Material Factory, Chemical Material Factory, Labour Insurance
- 3) IRICO Package Box Factory

(4) Companies invested by the Group with little relevance to primary service

- 1) Wholly-owned subsidiaries of the Group
 - a. IRICO Construction Engineering Co., Ltd. and IRICO Real Estate Development Co., Ltd. managed by the former, IRICO Construction Engineering Supervision Company, IRICO Construction Engineering Design Institute
 - b. Shenzhen Hongyang Industry and Trade Company
 - c. IRICO (Huizhou) Head Office
 - d. Haikou IRICO Hot Spring Hotel
 - e. China Electronic Device Industry Company
- 2) Subsidiaries controlled by the Group
 - a. Beijing Quanchuang Communication Equipment Co., Ltd.
 - b. Xi'an IRICO Electric Appliance Industrial Co., Ltd.



3) Participating companies of the Group

- a. Beijing Yingfu Taike Investment Co., Ltd.
- b. Beijing WEIXINNUO Science and Technology Company.
- c. Yongan Insurance Company
- d. Shenzhen IRICO HUANGQI Information Company

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II. Main pathway on the separation practice of primary and secondary service

(I) Pathway on the separation practice of main and auxiliary business

1. Social units ran by the Group (such as IRICO School, IRICO Hospital, IRICO Group - Public Security Office, IRICO Vocational College, IRICO Technical Secondary School, IRICO Technical School) would be fully transferred to local governments to separate social functions from the Group through negotiations with local government based on carefully disposal of assets, organisations and personnel. For such units which the government is unwilling or unable to accept but in line with the state's policy of industrialised operation, the separation practice of primary and secondary service shall be implemented in the form of restructuring and diversion.

2. Benefit Logistic service Units ran and managed by the Group must be changed from welfare type to operational type, from gratuitous service to paid service, and gradually transform into social service from solely served for the Group, gradually be transformed into economic entity with independent accounting and self-financing. Organisations with living conditions in various markets shall participate in restructuring and diversion.

3. Establishing legal person economic entities with multiple property rights for the operational logistic service units through restructuring and diversion of primary and secondary service.

4. Participating in restructuring and diversion for small-scale supporting production companies with higher degree of marketisation.

5. Companies invsted by the Group with low degree relevance to primary service shall adopt the following separation methods:

(1) Wholly-owned subsidiaries of secodary service shall participate in Separation and Diversion.

(2) The holding subsidiary of secondary service shall participate in Restructuring and Diversion after obtaining consent of other shareholders.

(3) Participating companies do not participate in Restructuring and Diversion, strategically adjusting the investment according to the strategic plan of the Group, gradually withdraw and use the obtained funds for the development of primary service.

6. For discontinued operating Units or Units with survival issues (such as Haikou IRICO Hot Spring Hotel, Xi'an IRICO Electric Appliance Industrial Co., Ltd., etc.), the primary and secondary service separation practice shall be carried out by means of sale or legal settlement, and the employees shall be properly diverted and resettled with the liquidised assets.

(II) Restructuring and Diverting are the main pathways to separate primary and secondary service

1. For units that are not allowed to implement industrialised operations (such as the Public Security Office of IRICO Group, primary school



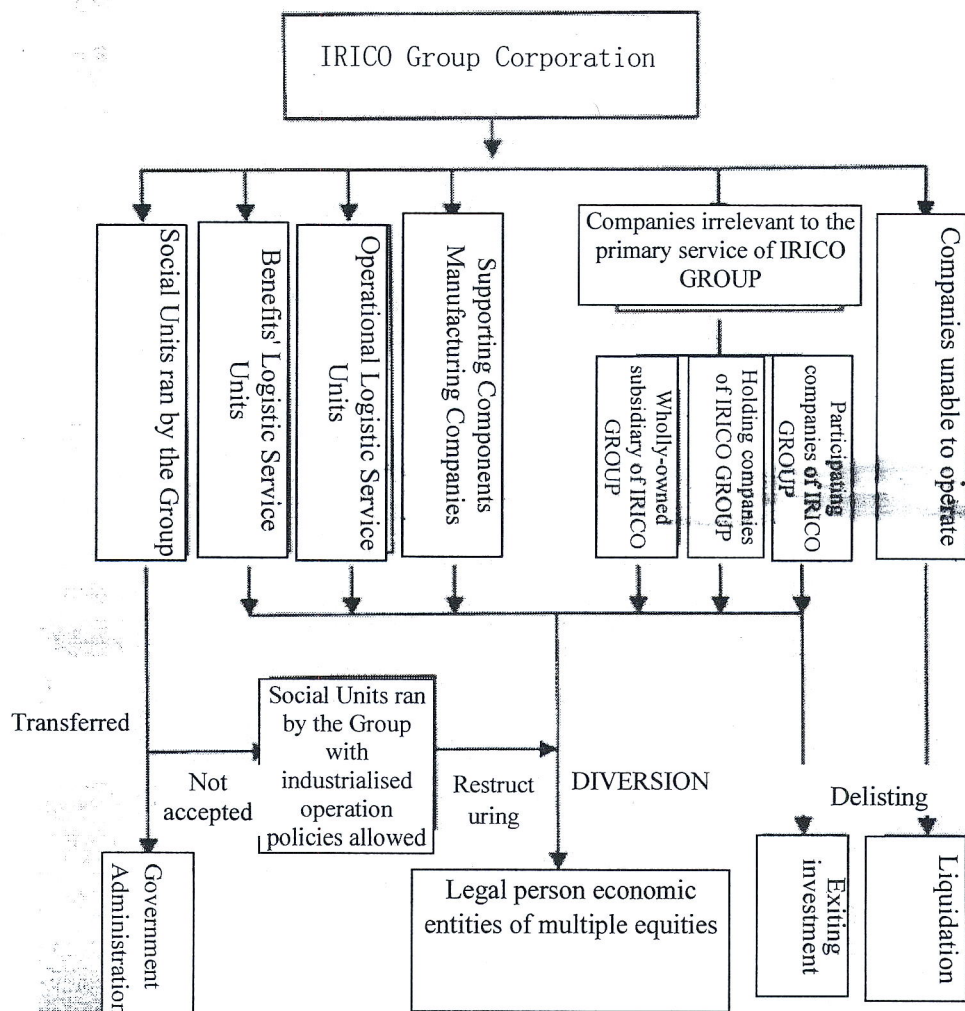
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(compulsory education phase) of IRICO School and participated companies of IRICO Group shall not adopt Restructuring and Diverting method for the Separation of primary and secondary service. In addition, other Units of secondary service mainly adopt Restructuring and Diverting methods to realized the Separation of primary and secondary service.

2. For Units of secondary services where its assets attributable to third assets category of IRICO Group's primary service, where its staff belong to abundant personnel and where at the same time has the ability of market operational conditions, mainly adopt Restructuring and Diverting methods to separate from IRICO Group's primary service.

Attachment:

Schematic Diagram on Separation of Primary and Secondary Service



Paragraph II Restructuring and Diversion

I. General idea of Restructuring and Diversion

(I) General idea

1. By using the three types of assets of IRICO Group with various operating conditions, the legal person entities with market guided, independent accounting and self-financing have been established, diverted and resettled abundant personnel and finally realised the deconsolidation and marketisation of property rights, labour relations and affiliation relationships. On the basis of solving the problems of primary service, the foundation of secondary service was developed and strengthened.

2. For companies with market viability and its managers and employees have the intention to change the current systems, would be directly restructuring into legal person economic entities controlled by non-state-owned legal person; for those which do not currently meet the conditions above, shall continue to maintain its holding status of state-owned legal person, and also prepared for clear property rights, independent accounting, market orientation, self-financing and make preparations of plans and various issues for the transformation into non-state-owned legal person holding companies.

3. When carrying out the above separation and restructuring work, the labour relations should be rationalised according to law. For the employees who have been diverted into a non-state-owned legal person holding company, the former company shall terminate their labour contract according to the law and pay economic compensation, the restructured company shall sign a labour contract that is not less than 3 years; for the employees diverted into state-owned legal person holding company, the former company and the restructured company shall modify their labour contract according to the regulations of the state, the main body of labour usage shall be changed into the restructured company, the original labour contract shall be continued to perform and number of working years shall be calculated continuously.

(II) The goal to be achieved

1. Units of secondary service with the conditions for restructuring shall adjust its structure of property rights and improve its governance structure of legal person. After the restructuring practice, the single state-owned company is transformed into a non-state-controlled holding company with a diversified property rights structure; for those which do not currently meet the conditions above, the state-owned shares shall not exceed 75%.

2. Diverting and resettlement personnel, standardising labour relations under stability premise. In short, the Units of secondary service which have market survival conditions shall be restructured into market economic entities with independent legal person qualifications in accordance to the requirements of the Company Law; and the labour relations shall be regulated according to law on the basis of the proper personnel resettlement.

II. Three types of assets that can be used for restructuring and diversion

(I) Definition of the three types of assets

The development strategy and plans of the Group companies, the specific standard and scope on Separation of Primary and Secondary service of IRICO Group are the definition basis of three types of assets.



(II) The scope of three types of assets

At present, IRICO Group Corporation neither own idle assets with market survival capacity for more than 1 year nor companies under policy bankruptcy. Therefore, the three types of assets of the Group, including assets of secondary service, assets of logistic service Units and other assets with small relevance to primary service(exlcuding non-primary service assets of Primary School - IRICO School and Public Security Office of IRICO Group Corporation) are the non-core assets of IRICO Group.

(III) Summary of non-core assets**1 . Distribution of non-core assets**

The three types of assets of the group companies are distributed into company-run schools, medical care, architectural design, construction supervision installation, hotel reception, early childhood education, property management, public security, etc., logistics service units; companies for production of colour tube supplementary parts: group companies invest in businesses with little relevance to the main business

2. Benefits of non-core assets

The overall efficiency of the three types of assets is relatively poor: some have already experienced sharp price reductions due to changes in the market; some assets belong to welfare facilities: they do not have operating capacity; some belong to IRICO supplementary production assets, but due to high labor costs, the added value is low, and the benefits are average. In addition, within the three types of assets, most of them are non-performing assets.

3. Ratio of non-core business assets to total assets

According to preliminary statistics, non-core assets amounted to approximately RMB 1.7 billion, amounting to 20% of the total assets of the group companies.

III. Personnel involved in restructuring and diversion**(I) OVERALL SITUATION**

The personnel involved in the restructuring and diversion is 3,596 people, which is approximately 17% of the total number of employees.

(II) Information on social security

The restructuring and diversion units of the group companies all participated in the social pooling of pensions, medical care, fire, occupational injury, and childbirth, etc. in accordance with national and local regulations. The above-mentioned social insurance contribution rates are: company bears 20% and individual bears 7% for pension insurance; company bears 6% and individual bears 2% for medical insurance; company bears 2.5% and individual bears 1% for unemployment insurance; company bears 0.4% and individual does not bear anything for maternity insurance; company bears 0.6% and individual does not bear anything for industrial accident insurance. All units of the group companies are paid in a timely manner and in full amount as required, and there are no arrears in social insurance premiums. Social security payments for retired personnel have been socialised.

(III) Information on employee debt

After a preliminary investigation, the restructured diversion unit did not owe any unpaid wages, collective raised funds, medical expenses, social insurance fees, etc.



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Information on internal liability of staff.

Attached: **Breakdown of the IRICO Group's three types of assets and the personnel involved**
(As at October 2003) Unit: yuan

Series No.	The type of assets involved and unit	Amount of assets	Number of employees involved
1	IRICO Hospital	12272601	150
2	IRICO School	76102381	229
3	Training Centre	1994856	40
4	IRICO Three Production Company	59925425	664
5	IRICO Construction Engineering	10479099	78
6	China Electronic Device Industry	562319639	218
7	Shenzhen Hongyang Industry and	244022127	4
8	Xi'an IRICO Electric Industrial	77999911	1373
9	Shenzhen IRICO Electronics	29409679	8
10	IRICO Haikou Hot Spring Hotel	79995391	20
11	IRICO Packaging Factory	Shareholding company	11
12	Shenzhen Royal Flag Information	Shareholding company	8
13	IRICO Power Plant	490000000	793
	Total	1644521109	3596

IV. Principles to be followed during restructuring and diversion

(I) Restructuring and diversion should be combined with the adjustment of business, assets, and personnel structure, focusing on resource integration, in order to improve the market viability of reformed companies.

Due to factors such as the management system and interest structure, intra-group competition and division of resources exists, weakening the competitiveness of companies. Therefore, in the process of separating the main and auxiliary divisions and restructuring and diversion, both the main business and the auxiliary business must pay attention to the restructuring of businesses, assets, and personnel.

(II) Overall planning should be done followed by step-by-step implementation; ensure maturity of one before restructuring the next.

The assets and business of the subsidiary units should be restructured, and the overall personnel should be redistributed based on their current unit and position



with the purpose of helping to stabilise and increase the competitiveness of the company market. For the companies that fulfil operating and restructuring conditions, the Group Companies shall withdraw from state-owned stocks or only maintain the status of shareholding; for those that fulfil operating conditions but temporarily do not have state-owned shares to exit or shareholding conditions, shareholdings of the IRICO Group companies can be temporarily maintained, but depending on creation conditions, exit should be carried out as soon as possible.

V. Format for restructuring and diversion and shareholding structure

(I) Restructuring and distribution format

According to the price of specific auxiliary units, making full use of market resources and methods, in accordance with "Company Laws" and other relevant laws and regulations, through forming joint ventures, cooperations, sales, leasing, and contracting methods, to gradually realise ownership diversification. The Group will also encourage employees, managers and social investors to invest in the restructured and diverted companies. Employees will be allowed to transfer their economic compensation income to shares or bonds of the diverted companies.

Restructuring the subsidiary business units into companies with diversified shareholding is the main method of restructuring and diversion. Most of the subsidiary business units will be directly restructured or in two steps into non-state-owned legal person-controlled limited liability companies.

(II) Equity structure of restructured companies

1. Restructured and diverted companies that fulfil the conditions for surviving in the market, they shall be directly reformed and diverted companies are directly restructured into non-state-owned legal person-controlled limited liability companies. The state-owned legal person shares of the group companies can be retired or retain their shareholding status, and the proportion of equity participation should be lower in principle be below 20%.

2. Restructured or diverted companies that do not have market viability for the time being, the IRICO Group should still implement an overall plan and withdraw gradually. The IRICO Group's shareholding ratio should in principle be lower than 75%.

3. Companies that the government does not want to accept and where the national policy allows industrialised management, can be restructured into a corporate economic entities. Its equity structure shall be based on the restructured industry shareholding structure model.

VI. Dealing with assets and creditor's rights and liabilities in the process of restructuring and diversion

(I). Basic principles

1. Strive to introduce incremental assets to revitalise existing assets
2. Assets will go with the business
3. Based on the principle of asset correlation and business relevance to reasonably apportion debt claims and debt

(II). Basic procedures for asset processing

1. After the overall plan for separating and diverting main and auxiliary divisions was jointly approved by the SASAC, the Ministry of Finance, and the Ministry of Labor and Social Security,



and in accordance with “Measures on State-owned Companies Pursuing Capital and Nuclear Funds” (State Council No. 1), ‘Notice of the Ministry of Government on Printing and Distributing the “Provisional Regulations on the Management of State-owned Capital and Financial Processing of Company Company Restructuring”’ (Caiqi Company [2002] No. 313). The relevant regulations for the management of state-owned assets assessments are subject to inventory, audit, and evaluation of the three types of assets.

2. After the assessment, the state-owned net assets can be paid and reserved:

(1) Economic compensation for termination of employee labour contracts. The economic compensation for termination of the employee labour contracts, shall be implemented in accordance to the “Notice on Printing and Distributing State-owned Large and Medium-sized Businesses, Separation of Main and Auxiliary Businesses, and Relocation of Recruited Resident’s Labor Relations” (Official Law Department, No. [2003] No. 21).

(2) The one-time social insurance premiums paid by the employees transferred to social security agencies.

(3) Due to restructuring and diversion, the living expenses and social insurance premiums of internal retired personnel are retained.

3. For state-owned net assets that are not sufficient for various payments and reservation, the insufficient portion will be supplemented by the group companies.

4. If there is any leftover after the state-owned net assets are paid and reserved, the remaining portion may be sold to employees or external investors as required, or may be retained in the reformed company by way of leasing, equity participation, conversion to credit, etc., but it may not be quantified to individuals without compensation.

5. The group companies shall entrust an accounting firm with a special audit on the payment and reservation of state-owned net assets, and the accounting firm shall issue a special audit report.

6. If the state-owned net assets used to make various payments and reservations (including the part that the original entity supplemented) results in a decrease in the book value of the state-owned assets, within 30 days of establishment of each batch of the group companies' restructured companies, the relevant information should be summarised and reported to the State-owned Assets Supervision and Administration Commission for approval to offset state-owned equity.

7. For divested assets that do not fall within the scope of reform and diversion but has operating conditions, an company legal person may be established to conduct independent accounting and correspondingly relocate part of the employees: for divested assets that do not have operating conditions, they may be treated as an overall public sale or lease operation. The income should be preferentially used for the placement of employees: for divested assets that do not meet the above conditions, they will be temporarily managed by the group companies or a reformed company that is willing to accept them.

(III) Handling of claims and debts

1. The principles for processing debt claims

(1) The principle of debt claims and debts going with assets



When assets are transferred to an company to be restructrued, corresponding debts thereof should be transferred as well. Any liability that can be identified as arising from an asset or operation shall be transferred together with the asset or operation, in principle, to an company to be restructrued.

(2) Principle of legality

It is necessary to ensure that the liabilities that are transferred -into the restructured units are legally transferred with proper documentation, the origins of the debt claims and liabilities should be clearly documented and legal.

(3) Respecting the rights of creditors

Creditors should first be consulted before transferring the debts into the restructured units, negotiation should be carried out to ensure debt implementation.

(4) Principle of proportionality

To ensure that the restructuring of the unit's financial structure is sound and reasonable, it is necessary to comprehensively consider the scale of claims and liabilities on the Group Companies and its own net assets.

2. Method of implementing creditor's rights and debts

(1) The group companies shall arrange for the liquidation and verification of the creditor's rights and debts of the reformed companies, perform necessary audits, and implement creditors and debtors and enter into debt repayment or preservation agreements with creditors or debtors.

(2) If the restructured company is originally an independent legal person, it shall continue to assume and implement the original relationship of creditor's rights and debts; assuming the debt at the agreed proportion from the original company that is being restructured to the restructured company.

(3) For wholly-owned subsidiary business unit that implements overall restructuring, all the creditor's rights and debts of the original company shall be inherited by the established company-owned company; if divestment is implemented, the divested company shall inherit the related creditor's rights and debts of the original company; merger restructures, the merged company shall inherit the debt claims and debts of the parties before the merger.

(4) Group internal debt (including the remaining part of the state-owned net assets of the restructured company after the various remunerations were made in the restructured company) cannot offset due to restructuring or diversion due to separation of primary and secondary, but the group companies' relevant units should implement prompt settlement, and the relevant units should create practicable repayment plans and repay on schedule.

(5) During the course of asset investigation, if liabilities to employees of the company is found, it should processed according to the provisions of Document No. 313 Article 17 of the government regulations.

VII. Treatment of land use rights of restructured companies

According to national and local government regulations on land management and the regulations in Document no. 859, the land used by the reformed companies will be dealt with as follows:

(I) The land used by the reformed company is the land obtained by the group company through transfer. The group company may



According to specific circumstances adopt transfer, leasing, investing in shares, use for free, etc. methods to be used by the restructured company.

(II) Land currently used by restructured companies will be allocated to the group companies, however, the land usage will not change. Through the group companies' consensus and the approval of the People's Government land bureau at the county level and above (inclusive), the land can continue to be used using the allocation method: for land where the usage needs to be changed, it should be audited in accordance with the "Allocation of Land Directory" (Land and resources regulation No. 9), and the usage needs to comply with the "Allocation of Land Directory", following that, it can continue to be used using the allocation method. If it does not comply with the "Allocation of Land Directory", the land shall be paid for use in accordance with the law, and the proceeds of land transfer shall be allowed to be used to pay for the cost of the land.

VIII. Methods of personnel diversion

(I) Principles for diversion of personnel

1. Properly handling the relationship between reform, development and stability

We will focus on the overall goals of the group company's restructuring and diversion work, considering the endurance of companies, employees, and society, to differentiate between different situations: to divide and relocate the surplus people in different ways.

2. Adjusting labour relations according to regulations

In the process of restructuring and diversion, the labour relations between the reformed units and employees are adjusted according to law. Adjusting labour relations should take into account the interests of all parties, safeguard the legitimate rights and interests of companies and employees, and achieve harmony in labour relations.

3. Standard operations

In the framework of the overall company restructuring plan, employees are divided according to relevant laws, regulations and related policies. In the resettlement plan, the employee's diversion resettlement plan must be considered by the representatives of the reformed company or the trade union, and report to the group company for audit and record keeping.

4. Maintaining policy coordination and stability

In determining the specific policies and standards for the diversion of personnel, attention should be paid to the overall balance and to the furthest extent possible coordination and stability of related policies.

(II) Distribution of resettlement personnel

The diversion of resettled personnel refers to the national industrial policy, to implement the principle of company development strategy and the principle of specialised division of labour, it requires independent auxiliary industries, logistic service units and employees of auxiliary units that have little relationship with the main industry. On top of that, due to the main industry's production, product mix adjustments requires the surplus personnel to be diverted and streamlined.

(III) Ways to divert people for resettlement

1. Diversion to restructured companies

The employees dissolve labour relations with the main company and re-sign new contracts or amend the relationship in the original labour contract, and continue to work in the restructured company. This is the key method for personnel diversion and resettlement.

2. Employees meeting the conditions for internal retirement may proceed with retirement procedures

Employees who are less than five years away from the statutory retirement age may apply for voluntary retirement and after receiving approval from the company, with reference to the 1993 State Council Order No. 111, proceed with and receive internal retirement.

3. Employees who meet the conditions for early retirement should apply for early retirement procedures in accordance with relevant state regulations

4. Self-employment

In the process of restructuring, employees who voluntarily apply to dissolve the original labour contract to work in society should be encouraged.

(IV) Dealing with various labour relations in the process of restructuring and diversion

1. Prior to the implementation of the restructuring and distribution work, various chaotic and unclear labour relations shall be cleared according to law, and those employees who meet the conditions for restructuring and diversion shall participate in the restructuring and diversion.

2. All employees participating in restructuring and diversion, shall have their original labour relations handled in accordance with the following provisions:

(1) Employees transferred to a non-state-owned legal person holding company

After the employees and the main company cancel the original labour contract, economic compensation will be provided according to the provisions of the Ministry of Labour and Social Security [2003] No. 21. Workers shall re-sign labour contracts with the restructured company, and the number of years of employment in the restructured company shall be calculated anew. The term of the labour contract shall be negotiated between the reformed company and the employee. If the negotiation is mutually agreeable, the time limit for re-signing the labour contract shall be not less than 3 years.

(2) Employees transferred to restructured companies with state-owned legal persons shareholding

After the employee and the main company terminate their labour relations, the reformed company shall continue to perform the rights and obligations of the original labour contract with the employee, and no economic compensation shall be paid out, but the employee's working years before and after the restructuring shall be consolidated. When the restructured company is changed to a non-state-owned legal person holding company, refer to the previous compensation standard. Restructured companies and employees who cannot reach a consensus during negotiation within the labour contract deadline shall continue to execute the unfulfilled conditions within the labour contract; if the original contract fulfilment deadline is shorter than 3 years, it shall be extended to 3 years.

(3) Internal retired workers

For personnel who have undergone internal retirement before the reform, the group company or the reformed company shall continue to fulfil the internal retirement agreement signed with the employees.

In the case of company restructuring and diversion, if the employee who meets the internal retirement conditions applies for internal retirement and is approved by the company, both parties will sign an internal retirement agreement. The company will no longer arrange jobs for them during the period of internal retirement



and the employee shall receive monthly pensions until the statutory retirement conditions are met and a formal retirement application is raised. The pension and social insurance during the retirement period can be obtained from the reserved state-owned net assets, and a corresponding management system can be established, to ensure that a special account is set up for that purpose.

(4) Self-employed workers

In the process of restructuring, where employees voluntarily terminate the labour contract with the company to work in society, the company should terminate the labour contract in accordance with relevant provisions. Economic compensation should be provided, and within the specified time for the staff, document transfer and continuity for the organisation's relations, file relations, social insurance relations, unemployment registration and other matters should be handled by the company.

(5) Persons suffering from occupational injuries (including occupational diseases)

Personnel who suffer injury due to work (including occupational diseases) shall apply in accordance with the Regulations on Work-related Injury Insurance and enjoy relevant treatment.

(6) People who are ill or injured due to non-work related reasons

Persons who are sick or injured due to non-work related reasons shall be resumed according to their physical condition after the prescribed medical period is over: if they can engage in the original work, they shall continue to perform the original labour contract; if they cannot engage in the original work, the corresponding adjustments to their labour relationship shall be made in accordance with the labour contract law.

(V). Continuation of social insurance relations

Group companies and restructured companies should actively coordinate with the social security department, and handle the transfer of social insurance relations and follow-up procedures for employees promptly.

After restructuring, the reformed companies shall strictly implement the relevant social security provisions of the government of the country and the company, and continue to pay the relevant social insurance costs for the employees.

(VI). Expenses related to staff resettlement

1. Economic compensation paid for termination of labour contracts

Employees who have been diverted to non-state-controlled holding restructured companies are considered to have terminated the labour contract with the original main company, and economic compensation is given from the state-owned net assets of the reformed company. Where mutually agreed, the compensation can be transferred as equity or claims in the restructured company for the employee on a voluntary basis.

The standard of economic compensation for the termination of labour contracts shall be implemented in accordance with Article 21 of the Law and Industry Department [2003].

Considering that the IRICO Group is the main body of the adjustment of labour relations, at the same time, for the convenience of calculation, the average monthly salary of the company is determined in principle according to the average monthly salary of the group company in the previous year, and where the monthly average wage of the affiliated company is higher than the average monthly salary of the group company, the group company shall determine the monthly average salary standard of the company after



2. Pension for internal retired personnel

The standard of living expenses for personnel under internal retirement shall be determined according to the actual conditions of the restructured companies, but the maximum standard of living expenses shall not exceed the amount calculated according to the calculation method for calculating the pensions of normal retirees based on the province where the reimbursement is performed. The minimum must not be lower than the minimum living standard stipulated by the local government.

After the standard for the living expenses of internal retired personnel is approved once, it will no longer be adjusted until the formal retirement, but if it is lower than the local government's minimum living standard, it shall be supplemented. When the retirees meet the statutory retirement conditions, the pension shall be calculated according to the regulations of the social security department to calculate their basic retirement pension after retirement.

3. Cost for leaving personnel

For the expenses that have been included in the social integration, socialisation issuance will be implemented: for the long-term expenses of the company that are carried out according to the regulations of the state or the local government, the expenses for the implementation of the examination and approval procedures shall be reserved.

4. Sources of related expenses

The economic compensation paid for the termination of labour contracts, the living expenses of the retired personnel, social insurance premiums, and overall expenses for retirees that should be paid in accordance with state regulations are paid or reserved in principle from the state-owned net assets of the reformed company. Insufficiencies in the state-owned net assets of the reformed company in accordance with regulations shall be supplemented by the group company.

(VII) Support and Incentive Measures in Personnel Division and Resettlement Work

First, according to the spirit of the National Conference on Reemployment and the provisions of Article No. 859, the group will implement the relevant diversification strategy in the process of extending the main industry, extend the industrial chain, cultivate new profit growth points and vigorously develop employment. The second is to fully publicise the policy, to help reformed companies effectively use the tax relief and subsidy policy and support employees who seek to be self-employed and self-employment. Thirdly, it is to find suitable social institutions for training, to guide workers to change the concept of employment. Fourthly is to establish industry workers' entrepreneurial incubation mechanisms, etc.

IX. Total amount and source of economic compensation

Diverted employees who entered a reformed non-state-owned legal person holding company, are entitled to economic compensation at the same time as they are released from the labour contract with the group company.

(I) The calculation standard of the economic compensation fund is based on specified standards of the National Economic and Trade Reform [2002] Article No. 859 and the Ministry of Labour and Social Affairs issued [2003] Article No. 21.

(II) According to preliminary calculations, the total amount of economic compensation for dismissing employees' labour relations is about 2



billion yuan (approximately 3,596 people, the per capita compensation period is 21 years, the per capita compensation is approximately 55,000 yuan).

(III) The main source of economic compensation funds was the Group's state-owned net assets in the restructured and diverted companies, as well as the transfer of shares and income from realised assets of the group companies; for the part that is insufficiently paid, including economic compensation, according to law, the group company will make up for it.

X. Handling of Several Problems in the Process of Restructuring and Distributing

(I) Related transactions

After the separation of the reformed companies, the transactions between the group companies and the reformed companies will be conducted in accordance with market rules and fair, reasonable and equal voluntariness. The transaction subjects shall enjoy the corresponding civil rights in accordance with the civil contract, and bear the corresponding civil obligation.

(II) Support policies for reformed companies

The group company will provide certain policy support for the reformed companies. These policies mainly include:

1. From the perspective of supporting the reformed companies, the group company will appropriately protect the internal market, while under the same conditions, give preference to the products and services of the restructured companies, to fulfil the principle of "helping someone on a horse and sending them off".
 2. Create production and operating conditions for restructured companies
 3. Take of the management, technology, and talent advantages of the group company to provide guidance and assistance to the reformed companies,
- to promote management and technical upgrading.
4. Helping, recommending and supervising the production process of the reformed company managers is legal.
 5. For those that do not have independent operating conditions for the time being, they will be given a certain period of support, and the cost will decline year on year.

The Group's support for the government policy uses the following principles, "internal priority without protecting backwardness" and "preference under the same competitive conditions". In this way, the reformed companies can get rid of the idea of dependence, and actively reduce cost and improve quality, improve services and increase market competitiveness as soon as possible.

The group company will unify and reform the companies to make related support agreements.

Part 3 Units participating in restructuring & diversion and its diversion scheme or plans

I. List of units participating in restructuring and diversion and their basic conditions (see Annex 4)



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II. The first batch of restructured pilot units of the reform diversion plan

IRICO Construction Engineering Corporation, China Electronic Component Industry Corporation, Shenzhen IRICO Electronics Corporation, all three companies are the first batch of reform and diversion pilot units of the IRICO Group.

The assets and liabilities structure of the three companies are shown in the table below;

Unit: Yuan

unit	Total Assets	Total Liabilities	Shareholders' Equity
China Electronic Components Industrial Headquarters	541,474,980.71	329,170,494.46	212,304,486.25
Shanxi IRICO Construction Engineering Company	32,166,313. 23	25,376,615. 75	6,789,697.48
Shenzhen IRICO Electronics Co., Ltd.	35,449,139.90	7,182,279. 03	28,266, 860. 87

(As at December 31, 2003)

All three companies were transformed into non-state-owned corporate controlled limited liability companies.

The three companies have altogether distributed 304 people, among them, 243 people entered restructured companies, 61 people went into internal retirement, there were none who opted for self-employment, no work-related injuries and other personnel.

The three companies need to pay an economic compensation of 20,484,379 yuan, with a reserve for retired personnel cost of 8,248,330 yuan (among them, internal retirement living expense is 6,546,278 yuan, retired social insurance premiums are 1,702,052 yuan).

Relevant personnel cost calculations for the three restructured and diverted companies

Amount: yuan

Name of Company	People placed	Number of people entering the restructured company	Internal retirement staff	Average length of service	Economic compensation reimbursement	Compensation per capita	Internal retirement living expenses	Internal retirement insurance premiums
IRICO Construction Engineering Company	78	63	15	22	3483207	55289	843060	219196
China Electronic Components Industrial Corporation	218	172	46	20	16242476	94433	5703218	1482856
Shenzhen IRICO Electronics Co., Ltd.	8	8	0	20	758696	94837	None	None
Total	304	243	61		20484379		6546278	1702052
							Total: 8248330	

(The final compensation standards of the three companies are comprehensively balanced by the group company after consultation with the staff and workers, with reference to the compensation standards of other reformed units within the group).

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The plan for restructuring and diversion of three companies are as follows:

I. Industrial and IRICO Construction Engineering Co., Ltd. Restructuring and Shunting Scheme

I. Basic Information

The company as established in March 1993, the ownership of the company is by all the people, the mode of operation is project general contracting.

The subsidiaries of the company, Xianyang IRICO Real Estate Development Company, IRICO Construction Supervision Company and IRICO Construction Engineering Design Institute, have not been independently accounted for.

Deadline is December 31, 2003, total assets amount to 32,166,313.23 yuan, total liability is 25,376,615.75 yuan, total equity of owners is 6,789,697.48 yuan.

II. Analysis of restructuring conditions

(I) The engineering company has a certain survivability and market development potential.

The engineering company and its subordinate units currently have three qualifications for real estate development and construction general contracting: a Grade A qualification for engineering cost consulting, a Grade B qualification for building design, and a Grade A qualification for construction project supervision. The engineering company has numerous qualifications, but due to restrictions in the system and operations, its full value could not be realised.

(II) Most of the engineering company operators and most employees are enthusiastic about the restructuring.

(III) The management team is more united and has the spirit of market development.

In short, the engineering company have certain market development potential and survivability, and the operators and employees are more supportive. It fulfils the conditions for a one-time restructure into a non-state-owned legal entity limited liability company.

III. Restructuring content

(I) Reformed method and equity structure

1. Reformed form

It was restructured into a limited liability company that is controlled by a non-state-owned legal person. Engineering companies, design labs, and supervisory companies combine to form a limited liability company that carries out the general contract business, and IRICO Real Estate remains a limited liability company under the Company law.

2. Equity structure

(1) The shares of the Company's Group Companies shall be transferred to the existing Company's operators and employees and the share of the shares shall not exceed 20%.



(2) The ratio of the operator and the employee's shareholding is more than 50%, and the employee's shareholdings are skewed to the operators and the backbone of the business. The amount of shares held by the business operators shall not exceed, in principle, 5 pattern all shares of the average employee.

(3) Private capital is absorbed, and the proportion of equity is below 30%.

(4) Source of shareholder capital contribution: The company consolidates the remaining net assets of the company after changing the asset cost. The company pays the economic compensation, and receives from managers and employees as part of our cash contributions. Private capital is invested in cash.

3. Shareholding carriers of operators and employees

The number of operators and employees exceeds the number of shareholders of a limited liability company as stipulated by the Company Law. Therefore, a carrier who holds stocks of the company and its employees will entrust the trust company or union to hold shares on its behalf. This can be done in the way that the employee's representative holds the stock after the decision of the funding employee. Parties involved in the negotiations with regard to the specific details of the mandated share-holding arrangements agreed that the agreement should clearly state the legal basis for funding.

4. Corporate governance structure

(1) The Company constitutes a shareholders' meeting, which is the authority of the Company, and is composed of all shareholders and exercises rights under the "Company Law" and the Articles of Incorporation.

(2) The company's Board of Directors is the highest decision-making level of the company and the board consists of three to thirteen members. Members of the Board of Directors shall be nominated by shareholders at the rate of their ownership, elected at the shareholders' meeting, and the board shall be responsible for exercising its powers in accordance with the company law, articles of association and the rules of the Board of Directors. The chief supervisor is the legal representative of the company

(3) The company establishes a board of supervisors, which is the company's supervisory body and is elected and responsible by the shareholders' meeting. The number of supervisors must be three or more, and an employee representative must attend. The board of supervisors has one chairman of the board of supervisors and is the convener of the board of supervisors.

(II) Personnel status and placement diversion advice

1. The existing 78 employees of the engineering company participated in the restructuring and diversion, and 63 of them entered the new company after the restructuring.

2. 63 people who entered the reformed company canceled the labour contract with the group company and received economic compensation.

3. 15 employees who meet the conditions for internal retirement can apply for the internal refund procedure on their voluntary grave basis. The IRICO Group Company shall incorporate the current internal retired personnel management system for management.

4. For retirees, the relevant pooling costs will be transferred to the group company and the personnel will be handed over to the Retired Office of the IRICO Group.



5. Employees who entered company work after restructuring contract with the new company to sign a labour contract with a term of no less than three years.

(III) Total amount and source of economic compensation

Taking 31 October 2003 as the base date, after preliminary calculation of economic compensation, the total amount is 3483207 yuan. The source of funding is primarily the revenues from the net assets of the group companies of the engineering company, the transfer of shares of the group companies, the realisation of assets, etc., and the company will compensate for the deficiencies, including economic compensation.

(IV) Disposal of assets

1. At present, the houses of the group companies occupied by the company are not included in the reform scope and are recovered by the group company and leased to the engineering company for use.
2. The Group's undistributed profits have been allocated over the years.
3. The Group company pays the economic compensation, including the revised scope and estimated net assets, and then transfers the remaining net assets to the managers, employees and newly entered social investors of the engineering company. Employees have the right to transfer to the shares of the group company and the number of shares held by the group company after the transfer of shares does not exceed 20%.
4. For the underpayment of net assets, the IRICO Group will make up for it in a public manner.

(V) Bonds and debt

The debts and obligations of the originally reformed company are inherited and burdened by the newly established company, the group company adjusts the internal debt issues of the group company and the parties sign the redemption contract.

(VI) Policy Support

Given that the engineering company is not highly market-savvy and has insufficient experience in operating the market, within three years the group company will provide certain support to the engineering company in relation to reconstruction and expansion projects and financing issues. The specific agreement for policy support is signed separately.

IV. Party-organisation relationship, File Management, Social insurance and other work

After the restructuring of the company, the relevant procedures for localised management shall be handled according to the specific regulations of Shanxi Province and Xianyang City.

II. Restructuring and Diversion Scheme of IRICO Electronics Co., Ltd. in Shenzhen

I. Basic Information

Shenzhen IRICO Electronics Co., Ltd. was established by a joint venture between IRICO Group, Shenzhen Special Economic Zone Development (Group) Co., Ltd. and Shenzhen Sunda Electronic Corporation. The company was established in April 1989 with a registered capital of 4.23 million yuan



to engaged in the production and sales of converging magnetic parts for color tubes and real tubes. On December 31, 2003, the company's total assets were 35,449,139.90 yuan; liabilities wer 7,182,279.03 yuan, owner's equity was calculated as 28,266,860.87 yuan, and the owner's equity of IRICO Group was 19,786,802.61 yuan.

one -

The company's existing 8 employees who maintain labour relations with IRICO Group are expatriates of IRICO Group.

II. The analysis of restructuring conditions

1. With market conditions and development potential

The company currently produces more than 18 million magnetic assemblies annually, of which 60% are group companies and 40% are exported and have certain market survivability. Once this restructuring is completed, the system problem that limits the company's development will be resolved and the vitality of the company will be more open to the public.

2. Good operating condition, high quality of assets, ability to pay for various costs of restructuring

3. Operators and employees have higher enthusiasm for restructuring and market concepts are in place

As the company is located in Shenzhen, the market competition environment is relatively mature. The operators and employees have a strong market awareness. They have a positive attitude towards participation in restructuring, and hope that the company will implement the reform as soon as possible.

4. The business team has a high level of management and is entrepreneurial.

5. The other two state-owned shareholders of the company are supportive of restructuring and are committed to giving up the priority of the transfer of shares transferred by IRICO Group.

In summary, the company has a condition for a limited liability company that has been restructured as a non-state incorporated corporation.

III. Restructuring content

(I) Reformed form and equity structure

1. Restructuring form: Restructured into a non-state-owned legal person limited liability company.
2. After the restructuring of the company name reserved name: Shenzhen IRICO Electronics Co., Ltd.
3. Business scope after restructuring: While doing a good job of assembling new products for existing magnetic parts, we will use the existing equipment to develop the advantages of injection moulding and mould making and develop new products.
4. After the restructuring, the equity structure: After the group company transferred 51% of its 70% shares to the operators and employees of IRICO after the evaluation of the net asset value, the equity structure is as follows:



The group company holds 19% of the net shares. The company's managers, employees and some business backbones. hold 51% of the shares (of which the managers should hold large stocks and the shareholding ratio shall not exceed 5 employees of the general staff in principle). The Shenzhen Special Economic Development Group Co., Ltd. holds 20% of the shares, and Shenzhen Songda Co., Ltd. holds 10% of the shares.

5. Sources invested by managers and employees: Business operators and employees purchase stocks at discounted prices using the economic compensation they have earned and then donate them in cash.

6. Corporate governance structure

(1) The company has a shareholders' meeting, which is the highest authority of the company. It is composed of all shareholders and exercises its rights in accordance with the "Company Law" and the company's Articles of Association. The procedures and voting procedures are implemented in accordance with the company's articles of association.

(2) The company has a Board of Directors, which is the highest decision-making level of the company. The Board of Directors consists of three to thirteen directors. The members of the Board of Directors are nominated by shareholders with reference to the equity ratio and are elected by the shareholders' meeting. The Board of Directors is responsible to the shareholders' meeting and exercises its powers in accordance with the Company Law, the Articles of Association, and the Rules of Procedure for the Board of Directors.

(3) The Chairman of the company is the legal representative of the company. The number of the board of supervisors is not less than three, and employee representatives are required to attend. The board of supervisors has one Chairman of the board of supervisors and is the convener of the board of supervisors.

(II) Personnel Status and Resettlement Opinions

1. There are currently 8 IRICO employees and 1 retired employee who are sent to the corporation by the group corporation.

2. All 8 employees have terminated the labour contract with the group company and received economic compensation according to law. The economic compensation fund can be used as a share; A retired cadre was handed over to the retirement management office of the group company.

3. Within 30 days after the change registration of the new company, Shanxin Company signed a labour contract of not less than three years with the above eight employees.

(III) Total amount and source of economic compensation

Based on October 31, 2003 as the base date, the total amount of economic compensation initially calculated is 758,696 yuan (the final amount is based on the total balance of the IRICO Group within the group).

The economic compensation is paid from the group company in the company's net assets.

(IV) Asset Disposal

1. There are legal obstacles to the existing property development issues in the history, and they are not included in the scope of reform. Existing shareholders and the relevant government of Shenzhen Municipal Government negotiate on real estate issues.



2. The cost of diverting resettlement staff is borne by the group company and does not involve the rights of other shareholders.

(V) Credit and debt deal

The existing creditor's rights and debts are mostly liquidity claims and debts arising from the normal operations of the company, which are enjoyed and undertaken by the restructured company.

(VI) Land use rights

The new company adopts the lease method to obtain land use rights.

IV. The relationship between the archives management of the relationship between the party and the organisation and the social insurance

The transfer and connection of the above relations shall be implemented in accordance with the relevant regulations of the Document No. 859 and the local government of Shenzhen city and shall be subject to localised management.

V. Related party transactions and support policies

As the company's products are currently allocated to the IRICO Group, the group will provide support in the internal market. The specific support period and the internal adoption of the agreement will be determined.

III. Restructuring and diversion scheme of China Electronic Device Industry Corporation

I. Basic situation

The company mainly produces and sells electronic devices. As of December 31, 2003, the total assets were 541,474,980.71 yuan, the total liabilities were 329,170,494.46 yuan, and the total equity of the owners was 212,304,486.25 yuan.

II. Reform condition analysis

(I) The company's current efficiency is good, and the enthusiasm of managers and employees for restructuring is high.

(II) Before the publication of the No. 859 document, two years have passed since the reform. The basic conditions for the reform have been initially formed.

(III) The management team is well aware of market development and has strong management and management experience.

In summary, the company has the conditions for a limited-liability company that was restructured into a non-state-owned legal person.

III. Restructure content

(I) Reformed form and equity structure



1. Reformed form

The China Electronic Component Industry Corporation was restructured into a non-state-controlled corporate controlled limited liability company.

2. Shareholding structure

After the sale, the group company holds no more than 10% of the shares, and gradually withdraws the remaining shares when the conditions are met.

The scope of the transferee is determined as: the operators, employees and social investors of China Electronic Device Industry Corporation, among which the senior manager and employee are given priority to transfer shares of IRICO Group (Operators should hold large stocks, and the amount of shares held by them should not exceed 5 times of the general employees' shareholdings.). The remaining shares were purchased by social investors (Zhejiang private companies).

3. Carriers Concerning Operators and Employees' Shareholdings

Due to the large number of operators and employees funded, it exceeds the company law's restrictions on the number of shareholders of limited liability companies. Therefore, the operator and the employee's shareholding carrier will preferentially choose to entrust the trust investment company or the union legal person to hold the shares on their behalf: After the resolution of the funded employee, the employee representative may also hold the shares. The contents of the agreement concerning the entrusted shareholding shall be determined through consultation between the parties, and the legal facts on behalf of the capital shall be clearly stated in the agreement.

4. Sources of funding for managers and employees

Operators and employees can use the economic compensation they receive to invest in shares, and then raise a portion of their own cash to contribute; private capital is invested in cash.

5. Corporate governance structure

(1) The company has a shareholder meeting, which is the highest authority of the company. It is composed of all shareholders and exercises its rights in accordance with the "Company Law" and the company's Articles of Association. The method of discussion and voting procedures are carried out in accordance with the provisions of the company's Articles of Association.

(2) The company's Board of Directors is the company's top decision-making body. The Board of Directors is composed of three to thirteen directors. The members of the Board of Directors are nominated by shareholders with reference to the proportion of equity and are elected by the shareholders' meeting. The Board of Directors is responsible to the shareholders' meeting and exercises its powers in accordance with the Company Law, the Articles of Association, and the Rules of Procedure for the Board of Directors. The chairman of the company is the legal representative of the company.

(3) The company establishes a board of supervisors, which is the company's supervisory body and is elected and responsible by the shareholders' meeting. The number of the board of supervisors is not less than three and there are employee representatives. The board of supervisors has one chairman of the board of supervisors and



is the convener of the board of supervisors.

6. Corporate business scope after restructuring

The business scope of the current day remains unchanged.

(II) Personnel Status and Resettlement Opinions

1. The company has 218 employees and 105 retirees (including 8 retired people).
2. After retirees withdraw fees from the government of the country and Beijing Municipality, the company will implement special account management after the restructuring.
3. 172 active employees entered the restructured new company and signed a new company with a labour contract of no less than three years.

4. 46 persons who handle the internal retirement will not receive economic compensation. After the relevant living expenses and social insurance premiums are withdrawn, the new company after the restructuring will perform the internal refund agreement.

(3) Total amount and source of economic compensation

Taking October 31, 2003 as the base date, the total amount of economic compensation initially calculated was 16,242,176 yuan. The economic compensation source is the net assets of the group company in the company.

(IV) Disposition of assets

1. The group company reclaimed undistributed profits over the years.
2. The economic compensation paid by the group company for the termination of the labour contract is paid from the group company in the net assets of the company.
3. The remaining net assets after various payments in accordance with the policy are transferred to the company's managers and employees, and the operators and employees invest in the remaining part to sell to social investors.

(V) Credit and debt deal

The existing creditor's rights and debts are enjoyed and undertaken by the restructured company.

The group company does anti-guarantee procedures for the balance of the loan guaranteed by the company, and uses the current company's real estate and other fixed assets as collateral, and handles mortgage registration procedures.

(VI) Land use rights

At present, the state-owned land allocated for use by the company is negotiated with the Beijing Municipal Bureau of Land Resources and Housing to determine the use of state-owned land.



IV. The organisation of the relationship between the party and the organisation, the file management, the social insurance connection, etc.

After the restructuring, the company will follow the relevant regulations of Beijing municipal government on social security.

III. Idea for restructuring and diversion of other reformed units

In addition to the above three pilot reformed companies, other involved in the restructuring of the diversion based on the investigation and research to determine the idea of restructuring and diversion, part of the preliminary reform programme has been formed. In order to facilitate the examination and approval authority to grasp the situation, the reform and diversion of these reformed and diverted units will be listed. After the formal programme is formed, it will be reported in batches.

I. Restructuring and Distribution Ideas of IRICO Three Production Company

I. The basic situation of the company and its subordinate units (see Annex 4 for details)

II. Situation analysis

(I) Although the three production companies themselves are independent legal entities, they are more responsible for the management functions of the subsidiary companies of the group companies. At present, the company manages the following secondary business units: 4 production support factories, 8 operating service units, and 2 public welfare institutions.

(II) The subsidiary companies managed by the three production companies are of different natures, including both production units, logistic service orders, and public welfare and welfare units.

(III) The subsidiaries of the three production subsidiaries are not standardised in terms of assets, business, personnel, and management relationships.

(IV) There are fragmentation and horizontal competition between the operating units of the three production companies.

Related resources have not been effectively integrated.

III. Restructuring and Distribution ideas

(I) The restructuring of the three production companies will mainly be carried out at the level of the subordinate units of the three production companies.

(II) It will sort out the auxiliary units managed by the three production companies, divide operational and non-operating units, and implement corresponding policies.

(III) For the business-oriented auxiliary units, we will proceed from the principle of improving the competitiveness of companies, and optimise the market, assets, business, personnel and other resources.

(IV) Employees and social investors will be encouraged to hold shares in reformed companies (employees can convert economic compensation into equity in reformed companies). The group company withdraws its investment as far as possible. If it does not have the conditions for complete withdrawal, it must also achieve diversification of the main body of property rights. The group company shall maintain its shareholding status, and the shares shall not exceed 20% in principle.

(V) Persons who have been restructured into employment in non-state-controlled companies are legally entitled to economic compensation



for the dissolution of labour relations. After preliminary calculations, the total economic compensation required is about 351,15854 yuan.

(VI) The group companies help restructured companies improve their market viability from resource allocation and project support.

II. IRICO Power Plant Restructuring and Shunting Ideas

I. Basic situation (see Annex 4 for details)

II. Restructuring and Distribution ideas

(I) First, the part of the heating and gas supply of the IRICO Power Plant was separated, and a limited liability company was set up together with social investors and employees. The corresponding employee and the group company cancel the labour contract, and receive economic compensation and be resettled into a post-restructuring company. For some employees who cannot be resettled, proper placement of the staff in accordance with the overall scheme regarding the diversion of personnel is required.

(II) The other parts of the power plant will be reorganised according to the principles of asset correlation and business relevance, and will be gradually restructured depending on the circumstances of each item, and related personnel will be properly placed.

III. IRICO Packaging Box Factory restructuring and shunt ideas

I. Basic situation (see Annex 4 for details)

II. Restructuring and Distribution ideas

(I) The group company will transfer all the shares held by IRICO Packaging Factory and withdraw

from the investment in the company.

(II) Nine employees who maintain a labour relationship with the group company are given financial compensation, and their labour relations with IRICO Group Corporation are relieved and they sign an employment contract with IRICO Packaging Factory. For two employees who meet the internal retired conditions, they will go through the procedures of internal refund on a voluntary basis and be included in the management system of the company's internal retired personnel.

IV. Xi'an IRICO Electronics Industrial Co., Ltd. restructuring and diversion of ideas

I. Basic situation (see Annex 4)

The company's main business has a low degree of association with the group company and is now closed. At present, the company employs a total of 1,373 people. The group actually bears more than RMB 20 million in living expenses per year. It has paid nearly RMB 100 million so far and has become a heavy burden on the group companies.

II. Restructuring and Distribution ideas



(I) First, the land use right certificate should be changed to IRICO Group Company through negotiation or legal means, and cooperate with local authorities to effectively prevent the land from being illegally occupied.

(II) Actively strive for the support of local governments to consolidate the existing land assets, and on this basis seek cooperation partners to jointly develop land or transfer the land. After the land has been dealt with in accordance with the law, the employees of the company must be given priority in the use of the new or reconstructed expansion projects of the group company. Those who cannot be arranged will be properly resettled by the income from the use of the people.

V. Idea for Restructuring and Distribution of IRICO School High School

I. Basic situation (see Annex 4 for details)

II. Existing problems

The quality of IRICO School teaching is among the highest in Xianyang City and even in Shanxi Province. Its High School is particularly well-known, but it is limited by the current system and school buildings and it is unable to give full play to its advantages in resources.

III. Restructuring and Distribution ideas

(I) Separation of the IRICO School's senior high school should implement the spirit of the "Decision of the State Council on Basic Education Reform and Development" and continue to negotiate with local governments to transfer the IRICO Learning Section into the local government administration. The funding for running a school can be solved by adopting a method that the group company and the local finance share the burden, and it can be transferred year by year. If the government is unable or unwilling to accept, for the IRICO School high school (non-compulsory education stage) can take the form of social forces to jointly run schools, attract foreign capital, implement industrialised management, and achieve restructuring and diversion.

(II) The group company will combine specific conditions to ensure that it does not affect students' attendance at school, does not affect teaching order, and does not affect the quality of teaching. We ensure the implementation of school funding, strengthen communication with the investment intention unit and the Xianyang Municipal Government education department, promote the IRICO School high school restructuring and diversion work.

VI. IRICO Hospital reform shunting ideas

I. Basic situation (See Annex 4 for details)

II. Existing problems

The layout of the hospital is irrational and the competitive advantage is not obvious; the salary incentives for senior and core medical personnel are lacking and loss of talent is serious.

III. Restructuring and Distribution ideas

(I) The separation and restructuring of IRICO Hospital will follow the principles of the



“Guidance the Urban Health System ” and the reform of the medical insurance system for urban employees, while continuing to implement the Group’s corporate medical reform policy.

(II) The specific restructuring method: First, in consultation with the local government, the transfer of hospital assets and personnel into the local government, unified management by the local government; The second is to separate from the group company, implement industrialised management,

encourage existing medical staff in hospitals to use the economic compensation obtained as the capital for purchasing hospitals, and jointly run medical services with social investment.

(III) After the separation of the hospital, the relevant funds are implemented according to the current medical reform policies of the group company. The three-year transition period is calculated continuously and the cost is declining year by year.

VII. Training Centre Restructuring and Shunting Ideas

I. Including IRICO Vocational College, IRICO Secondary School, IRICO Technical School (see Annex 4 for details)

II. Restructuring and Distribution ideas

(I) As a part of the society run by companies, IRICO Vocational School and IRICO School have already become a problem. Therefore, they should be stripped of this part of their functions and properly place the relevant personnel.

(II) IRICO Technical School is the base of the company's technical training for employees. When conditions are ripe, it is restructured into an independent legal entity economic entity: and the related personnel are diverted.

Part IV The Organisation and Implementation of Separation of Main and Auxiliary Restructuring and Distributary Work

I. Work Principles and Major Measures for Separation of Main and Auxiliary Restructuring

According to the national reemployment policy and the spirit of General Secretary Hu Jintao’s speech at the 2003 national re-employment symposium meeting, the group’s company’s mission was to “take jobs into the market”.

In the process of implementing separation of main and auxiliary separations and restructuring and diversion, as far as possible, internal diversion personnel are to be digested within the group: We will not socialise employment conflicts, and we will increase our competitiveness through the enhancement of the property rights reform of the auxiliary companies, absorb more resettled people in the society, and relieve the pressure on employment in society. To this end, the group company will comply with the following working principles and take corresponding measures to implement:

(I) The principle of separation of main and auxiliary divisions and diversions

1. One should correctly handle the relationship between reform, development, and stability, and fully consider the affordability of companies, employees, and society, and ensure stability.
2. The implementation of restructuring and diversion and the group company's structural adjustment, restructuring and restructuring and promote



the main business combination to promote the company's asset structure, organisational structure, personnel structure optimisation.

3. The implementation of restructuring and diversion should be carried out in accordance with the law, standardise operations, adhere to the principles of "openness, integrity and fairness", safeguard the legitimate rights and interests of the state, companies, and science and engineering, and prevent the loss of state-owned assets and the behaviour of escaping debts. 4. Adhere to the principle of "active safety, overall planning, step-by-step, and step-by-step implementation".

The conditions are mature and one system is reformed to ensure that the reformed companies succeed in switching mechanisms and promote the optimisation of corporate restructuring.

(II) Major measures to implement separation of main and auxiliary divisions

1. We will strengthen the leadership and organisation of the divisional work of the whole company's auxiliary business restructuring. 1. In accordance with the requirements of Summer No. [2003]27 of documents, the group company was established with the general manager as the leader, the company management office, the planning department, and the people leading group of separation and relocation of main and auxiliary divisions participated by relevant departments such as the Department of Resources and Resources. The units included in the scope of restructuring and diversion also made clear the specific responsible departments and personnel, and jointly promoted the restructuring and diversion. 2. According to the spirit of re-employment related supporting policies, combined with the specific conditions of the subsidiary company's auxiliary business, the relevant unit's auxiliary business restructuring and diversion plan is compiled, and the plan is decomposed and implemented.

3. Focus on breakthroughs, with points and areas, promote the work of reforming and diverting auxiliary businesses actively and steadily. After research by the group company, it was determined that the companies have the conditions for restructuring the three companies, including the construction company, will be selected as the first batch of pilot units for restructuring. To provide guidance for the formulation of specific restructuring and diversion plans for other reformed and diverted units through the reform of the pilot "summarising experience in a timely manner and summarising sample plans for restructuring".

4. "The establishment of a periodic reporting system for the progress of reforms and diversions" will promptly grasped the progress of the reforms and the problems encountered so far, and fully guided and coordinated the separation and diversion of the entire main and auxiliary work to proceed actively and steadily.

5. In order to ensure the orderly operation of the entire reform and distribution work, the group company hires Beijing Dacheng Law Firm.

As the general counsel of the separation and restructuring of the company's main and auxiliary companies, the office is responsible for planning and coordination.

Promote the separation of the entire main and auxiliary work together with reform and diversion

II. Separation of main and auxiliary restructuring and distribution work and implementation.

(I) Organisations that separate and split the main and auxiliary branches

In order to strengthen the leadership in separation and restructuring of main and auxiliary work, the group company established a leading group to separate and divert the work from the following personnel: group leader Ma Jin Quan (general manager of the group company), deputy team leader Tao Kui (secretary of the group company), Xing Dao Qin (deputy general manager of the group company), Niu Xin An (deputy party secretary of the group company and chairman of the group labor union), Guo Meng Quan (deputy general manager of the group company), Zhang Shao Wen (deputy general manager of the group company)



(Deputy general manager of the group company),

Main and auxiliary separation. Restructuring and distributing leading group The members are composed from relevant departments of the company's corporate management, human resources, finance, etc. Staff in the relevant department are specifically responsible for: Separation of main and auxiliary restructuring. Main and auxiliary.

Separation restructuring and distributing work leading group office director: Office director: Niu Xin'An (concurrently) Deputy director.

Zhang ZhanKui, Wang XiMin, Fu JiuQuan, Yan XingXi, Xu ZhenDong, Wei XiaoJun. Member: Tao LuJie, Gao ZhanMin, Yang YiXing, Wang Jun, Zhang WenYan, Yan YuePing, Song WenBin, Pang Jun, Liang TianXiang, Gong RenBin.

(II) Decision making on separation of main and auxiliary restructuring Implementation procedures.

Major decision making from group company on separation of main and auxiliary divisions. Major decision making and implementation procedures. As follows:

(1) The group company's administrative office passed a resolution to determine the scope of the main and auxiliary business and plans to carry out restructuring and diversion. Auxiliary business units. Formulate the overall plan. Report to State-owned Assets Supervision and Administrative Commission (SASAC) Jointly approved from Ministry of Finance, Ministry of Labor and Social Security.

(2) According to the joint approval of the 3 ministries and commissions, the propaganda and mobilisation of restructuring and diversion, and the understanding of the employees on the reform work were obtained. Understanding, supporting and participating.

(3) Overall coordination and formulation of the restructuring and diversion plan and review by the workers' congress of the reformed company. Diversion and placement of workers involved in the programme. Disposal of assets used for resetting employees. Should be considered and approved by the Workers' Congress

(4) In accordance with the spirit of the approval of the 3 ministries and commissions, the group company's administrative office will review and verify the reform and diversion scheme one by one

(5) Group office of the main and auxiliary division restructuring and distributary work guidance and coordinating the implementation of restructuring and diversion schemes

(III) Regulations for the implementation of separated main and auxiliary distributaries

In the process of restructuring and diversion. Related personnel must strictly implement the following operating specifications

1. With National Reemployment Conference in year 2002 and Reemployment Symposium in Year 2003 With National Reemployment Conference in year 2002 and Reemployment Symposium in Year 2003 The spirit of the Reemployment Symposium Meeting and relevant supporting documents such as Circular No. 859 are used as guidance

2. Strict implementation of state laws and regulations concerning the management of state-owned assets to prevent the loss of state-owned assets. No transfer of state-owned assets to unpaid, exchange for low-priced stocks or low prices to individual operators and employees

3. Strictly abide by the civil law regulations, the contract law and other civil laws and regulations, and earnestly safeguard the legitimate rights and interests of creditors and other related laws Perform well of clearing creditor's rights and obligations of reformed companies in the process of restructuring and distributary Implementation of creditor's rights and debts, without using the opportunity of restructuring to evade the debts of banks or other creditors



4. Strictly implementation shall be made in accordance with Circular No. 859 and relevant labour policies and regulations during the process of relocating workers Standardise labour relations according to law and effectively protect the legitimate rights and interests of employees

5. In accordance with the company's laws and other legal norms, the company is restructured into a diversified property right entity, and the corporate governance structure is sound modern companies with market competitiveness

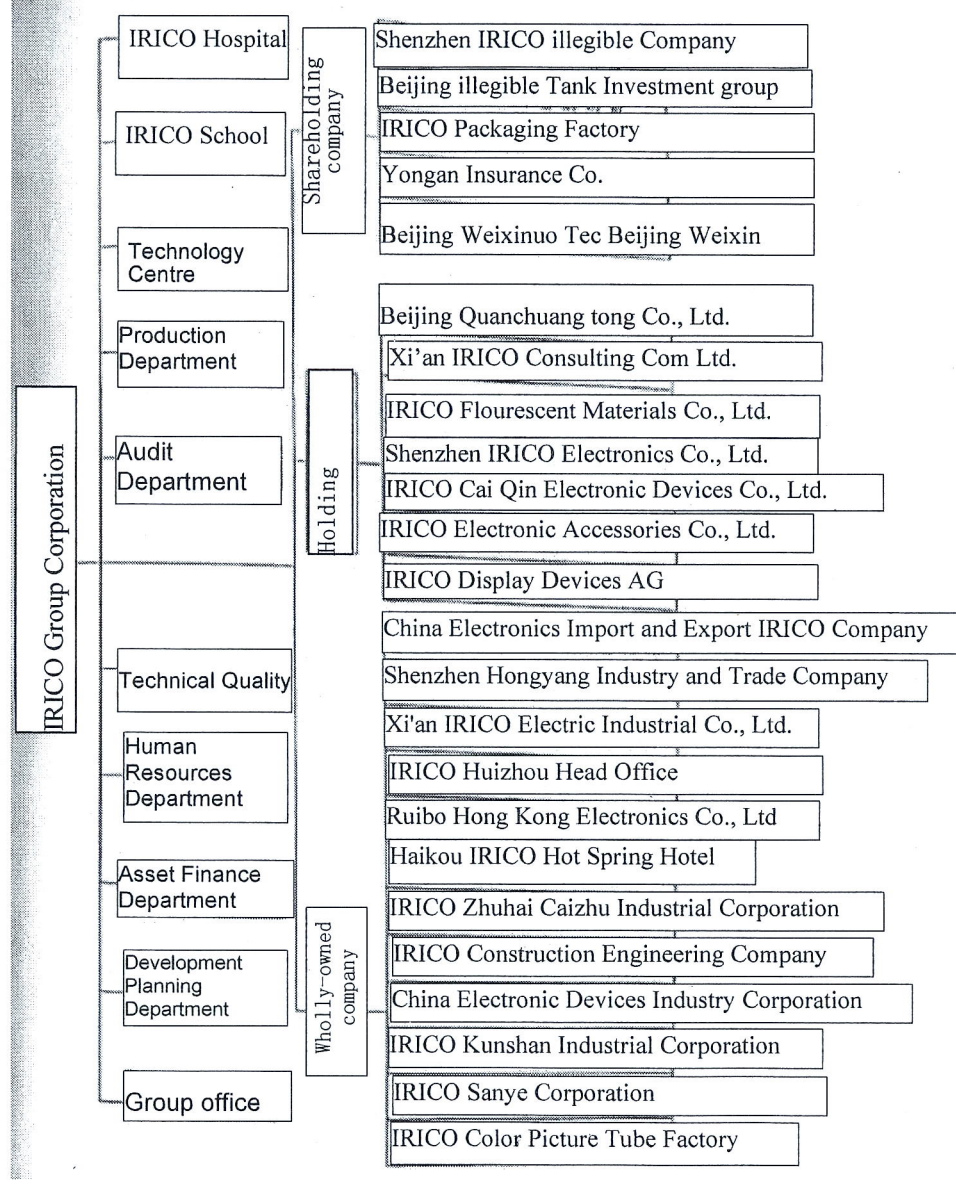


Organisation Chart of IRICO GROUP CORPORATION



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Annex 2 IRICO Group Company Organisation Chart



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Annex 3

IRICO Group Corporation

Strategic Positioning and Development Planning (Abstract)



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Annex 3:

IRICO Group Strategic Positioning and Development Planning (Abstract)

I. IRICO Group Corporation faces market environment and competition situation

(I) The overall situation of CRT industry .

Although CRT has a relatively good value /performance ratio and has room for survival for a long time, its market space has been relatively saturated! Intense competition in the industry, the overall situation is not optimistic.

(II) Worldwide CRT Market Situation

At the end of 2001, there were about 22 companies in the world engaged in CRT production and manufacturing, with about 70 factories, about 250 production lines, annual production capacity of 300 million, and more than 250 million global market demand.

Compared with domestic counterparts, IRICO Group has a large market share. However, compared with international multinational companies, IRICO Group's global market share still has a certain distance.

(III) Overall Domestic CRT Market Situation

At present, there are 12 companies in the domestic CRT industry. As of the end of 2002, there is a total of 39 CRT production lines and the annual production capacity is around 50 million pieces; there is a total of 21 CDT production lines and the annual production capacity is 37.40 million pieces. On the whole, the domestic CRT production capacity is greater than the demand from the domestic market.

(IV) IRICO Group faces severe market competition pressure

1. The situation of oversupply in the CRT market will intensify

As the domestic CRT market was in short supply in 2003 Companies are looking for ways to increase production lines or expend production as well as good market expectations for year 2004 It can be predicted that the oversupply situation in the domestic CRT market will intensify, which will inevitably lead to more intense competition

2. The threat of market competitors

There are 12 Chinese CPT companies, of which 9 are Sino-foreign joint ventures or wholly foreign-owned companies, 2 are joint-stock companies, and only IRICO Group is a wholly state-funded company.

Since China's accession to the WTO The major companies that produce CRT products in the world have all entered and set up factories n China Global integrated competition has taken shape and launched direct competition with IRICO Group Corporation.



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Although the IRICO Group's domestic market share is in a leading position, it is not the industry leader. The market share of other companies is above 11%, which poses a challenge to the status of the IRICO Group in the industry

3. Higher barriers to industry exit cause increased competition rigidity.

Due to the large investment in CRT industry, long cycle, special equipment and assets, low liquidation value, many employees

Therefore, the industry's exit barriers are high, which undoubtedly greatly increases the rigidity and intensity of competition. Many employees

4. The threat of alternatives

Since the 20th century In the second half of the 1990s, new technologies such as flat panel display devices (FPDs) have been developed rapidly. In addition, due to the development of large-scale integrated circuits and the application of computers and digital technologies It also guides the development of colour television technology to large screens, planarisation, and ultra-thin type. The development of new display devices such as LCDs and PDPs has had a huge impact on the CRT industry Since the main products of IRICO Group are concentrated in the traditional CRT field, they face pressure from the development of alternatives

II. The strategic positioning of IRICO Group

(I) Industry and product positioning

1. IRICO Group's Industry and Product Positioning Limitations

The existing resources of IRICO Group are mainly concentrated in the existing CRT field, and are weak in the development of new display device technologies and products

As the new display device industry barrier is high

In the short term, the IRICO Group Company does not yet have the conditions to fully enter the field of new display devices, and the industry and product positioning have great limitations.

2. Market Prospects of IRICO Group's Industry and Products

Although the traditional CRT, especially in the CPT industry, is highly competitive, the relevant research findings indicate:

CRT products still have large market development space, and CRT technology still has a long survival time.

3. IRICO Group's resources and advantages in the CRT industry

- (1) IRICO Group has the advantages of management and technical personnel.
- (2) Formed a vertically integrated component system and cost advantage
- (3) Has a certain degree of economic strength and has expanded financing channels.

According to the foregoing analysis, IRICO Group should base itself on the existing CRT industry and integrate existing CRT products stronger



And on this basis, through the implementation of the relevant diversification strategy Timely access to new display devices Timely access to new display devices to solve the problem of subsequent development of the company.

Realise the structural adjustment of industry and products Realise the structural adjustment of (II) IRICO Group's development strategy

1. Overall development strategy

IRICO Group's overall development strategy is to implement a total cost leadership strategy and form an existing display device as the leader;

Industrialisation of parts and components, making them stronger and bigger; tracking actively, investigating and analysing technologies and products in the field of new display devices Implement related diversification strategies Realise industrial and product structure adjustment To make IRICO Group develop device in to an international display device production and R&D base with product diversification, scale management, and modern management.

2. Basic competitive strategy: Total cost leadership strategy and related diversification strategy

(1) In the field of CRT products, implement a total cost leadership strategy and use it as a basic competitive strategy for IRICO Group

Basic Competitive Strategy

(2) Implementing related diversification strategies in the field of new display devices

In order to solve the follow-up development of IRICO Group, the company has adopts an active tracking strategy in the field of new display devices and implements relevant diversification strategies. The main approaches are as follows: First, by closely tracking and investigating the development trend of new technologies and new products in the field of new display devices and enter the field in a timely manner. Second, the company will use foreign opportunities for display device industry restructuring and specialisation and cooperation with transnational display devices companies

By providing professional support and other methods, it gradually participates in the value chain of new display devices Realise the structural adjustment of industry and products

3. IRICO Group's medium and long-term strategic plan

Implement the total cost leadership strategy, build core competitiveness with leading total cost, and lay the foundation for achieving scale of operation. Implement related diversification strategy. Seeking the new economic growth point of IRICO Group in the field of new display devices and cultivating the second pillar industry.

4. Medium and long-term strategic goals

By 2010, IRICO Group will develop into an international display device for product diversification, large scale operation, and modern management, as well as R&D, it will lay a solid foundation for the vision of "Creating a Century of IRICO"



Annex 4:

Participation in the list of restructure diversion units and their basic conditions



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Annex 4:

Participation in the list of restructured diversion units and their basic conditions

I. Participate in the list of reform diversions

1. IRICO School (High School)
2. IRICO Hospital
3. IRICO Training Centre (including IRICO Vocational College, IRICO Secondary School, IRICO Technical School)
4. IRICO Three Production Corporation
5. IRICO Kindergarten (IRICO Three Production Corporation Management)
6. Public Facilities Department (IRICO Three Production Corporation)
7. Property Management Centre (IRICO Three Production Corporation)
8. Communications Station (IRICO Three Production Corporation)
9. Passenger Bus Team (IRICO Three Production Corporation)
10. IRICO Hotel (IRICO Three Production Corporation)
11. IRICO Guest House (IRICO Three Production Corporation)
12. IRICO Business Drinks Company (IRICO Three Production Corporation)
13. IRICO Auto Repair Factory (IRICO Three Production Corporation)
14. IRICO Advertising Co., Ltd. (IRICO Three Production Corporation)
15. IRICO Decoration Company (IRICO Three Production Corporation)
16. Building Horticultural Co., Ltd. (IRICO Three Production Corporation)
17. IRICO Labour Insurance Products Factory (IRICO Three Production Corporation)
18. IRICO Power Plant
19. IRICO Electronic Packaging Material Factory (IRICO Three Production Corporation)
20. IRICO Bracket Factory (IRICO Three Production Corporation)
21. IRICO Chemical Factory (IRICO Three Production Corporation)
22. IRICO Package Factory
23. Shenzhen IRICO Electronics Company
24. Shanxi IRICO Construction Engineering Company
25. Shenzhen HongYang Industry and Trade Company



26. China Electronic Device Industry Corporation
27. Xi'an IRICO Electric Industrial Co., Ltd.
28. Haikou IRICO Hot Spring Hotel

II. The basic situation of the proposed restructuring of the diversion unit

(I) Corporate Social Unit

1. IRICO School

The school has established elementary and junior high schools and high schools. It has 223 staff members, including 192 teachers. There are 27 teaching assistants, 4 principals and vice-principals, and the ratio of teachers and non-teachers is 7:1. All members of the school implement the contract system, teachers implement the appointment system.

School fixed assets is 9.3223 million yuan. The school needs a total of 9.1 million yuan each year, of which 6.35 million yuan is allocated by the group company, and 3.75 million yuan is generated by the school.

2. IRICO Hospital

IRICO Hospital was established in 1978 and was rated as Class II "A" Hospital in 1995. Xianyang City positioned it as a "non-profit hospital."

The IRICO Group allocated RMB 5 million to hospitals in 2002 and RMB 3 million in 2003. In 2004, it plans to allocate RMB 1.5 million to fully market them. There are currently 150 employees who have labor relations with IRICO Group. 150 employees.

3. IRICO Training Center

The training centre consists of three schools: IRICO Vocational College, IRICO Secondary School and IRICO Technical School. It is affiliated to IRICO Human Resources Department. Mainly responsible for on-the-job training, academic education and pre-post training for employees of the group company. The cost of the training centre is divided into two lines: In 2002, the group company allocated funds of 3.43 million yuan and paid various fees of 95 thousand yuan. There are 40 employees who have labour relations with IRICO Group, including 22 teachers and 18 management personnel.

(II) The IRICO Industrial Corporation, which has a relatively concentrated subsidiary business unit

4. The basic situation of IRICO Three Production Corporation

Three production company was established in April 1994 as a wholly-owned subsidiary of the group company and actually assumes the management function of the group company for some of the subsidiary businesses. The company has 4 production supporting plants, 8 operating service units, and 2 public service utility units.

The general market of Three production company's business is not competitive. The target of business income is mainly group companies.



As of 30 June 2003, the headquarters had a total of 1280 employees (Excluding horticultural companies labourers)

50 employees working at the IRICO Electronics Packaging Materials Factory, Bracket Factory, Chemical Material Factory, Labor Insurance Products Factory and Head Office

50 employees working at the head office 530 employees who have labour relations with IRICO Group 530 employees

(Error, not available) (Error, not available) As of 31 December 2002, the total assets of the Three Production Company amounted to 59,925,425.32 yuan Total liabilities 23,727,912.54 yuan Owners' equity totaled 36,197,512.78 yuan

(III) Welfare type logistics service unit

5. IRICO Youth Garden (owned by IRICO Three Production Corporation Management)

IRICO Kindergarten is a welfare company of the group company, mainly for the children of the company's employees belong to IRICO Three Production Corporation

It is national advanced preschool units and has 190 employees currently Among them, 112 employees have labour relations with IRICO Group

Annual expenditure is 2.8 million yuan, and the management cost is about 2 million yuan. In addition to other expenses such as water, electricity, and heating, a total of 7 million yuan is needed each year, including kindergartens generating 1.4 million yuan

The funding gap is 5.6 million yuan, which is shared by the beneficiary units of IRICO Group. At present, kindergartens carry special early childhood education activities

Increasing profitability

6. Public Welfare Facilities Department (affiliated with IRICO Three Production Corporation Management)

Subordinate units have real estate management room, style management room, shuttle bus team and bowling alley. 13 employees with labour relations between the real estate management office and the group company There is a club, gymnasium and swimming pool in the style management room. There are 12 employees who have a labor relationship with IRICO Group; the shuttle team has 6 cars with 6 drivers 3 ticket sellers Bowling Hall and IRICO Group have 10 employees in labour relations

7. Property Management Centre (owned by IRICO Three Production Corporation Management)

The Centre is mainly responsible for collecting and using households' utilities, and its functions overlap with the construction of gardening companies. As of 30 June 2003, the owner's equity was 1,026,659.57 yuan 12 employees who have a labour relationship with IRICO Group

8. Communication Station (Ownership of IRICO Three Production Corporation Management)

Communication stations mainly use paging and intra-group telephone services as the main business. Now that paging services have been suspended, the internal telephone services have been disrupted by various telecommunication companies in the society. Currently, the company is operating under the responsibility of contracting. There are 26 employees who have labour relations with IRICO Group Corporation

9. Passenger train team (managed by IRICO Three Production Corporation)

The bus fleet is currently operating under a responsible contracting approach, with a small operating market Cannot survive independently.

There are 10 employees (one of them waiting for work) who has a labour relationship with the IRICO Group



(IV) Operational logistics service units

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10. IRICO Hotel (belonging to IRICO Three Corporation)

IRICO Hotel is affiliated with Three Production Corporation. The business and income are mainly accommodation and hosting conferences. In the hotel revenue, corporate consumption accounts for 21%, and market consumption related to corporate business accounts for about 10%. Others are market sources. On 30 June 2003, the owner's equity amounted to 10,564,608.43 yuan. There are 204 employees, of which there are 58 employees who have labour relations with IRICO Group

11. IRICO Guest House (owned by IRICO Three Corporation)

The IRICO Guest House business and its revenue are mainly accommodation, catering, organising small meetings, organising training courses. The annual operating income is approximately 4 million yuan, of which catering revenue accounts for 55% of operating revenue. As of 30 June 2003, the equity of the owner of the company was 2,357,766.95 yuan 103 employees, of whom 19 employees are in labour relations with IRICO Group

12. IRICO Business Drinks Co., Ltd. (belonging to the management of IRICO Three Production Corporation)

The company now administers life stoves, cold drink plants, baths shopping supermarkets and other business unit, mainly provides life services for group companies. As of 30 June 2003, the owner's equity was 5,263,077.84 yuan From 1995 to 2000, some employees sought their own way. 163 employees, of whom there are 58 employees with labour relations with IRICO Group

13. IRICO Auto Repair Factory (owned by IRICO Three Production Corporation)

IRICO Auto Repair Factory operates by individual contractor, and has 8 labour relations with IRICO Group

14. IRICO Advertising Corporation (owned by IRICO Three Production Corporation)

Advertising companies use individual contracting methods to operate. 5 employees with labour relations with IRICO Group Corporation. 1 of them affiliated with IRICO to operate independently

15. IRICO decoration company (owned by IRICO Three Production Corporation)

Decorating company adopts personal management contracting method 4 employees with labour relations with IRICO Group Corporation.

16. IRICO Construction Horticultural Company (owned by IRICO Three Production Corporation)

The company's main business is responsible for plant production, greening of the living area and environmental protection, in addition to taking part of the engineering and maintenance projects The company's main business is responsible for plant production, greening of the living area and environmental protection, in addition to taking part of the engineering and maintenance projects. As of 3 June 2003 The total owner equity is 3,298,280.08 yuan A total of 428 employees, and 113 of the employees have a labor relationship with IRICO Group Company.

17. Labour Insurance Products Factory (owned by IRICO Three Production Corporation Management)



The business and income are mainly for business gloves, eyes cleaning, 95% of products for the factory 95% of products for the factory 5% export As of the end of June 2003, the total amount of owner's equity of labour protection plants was 120,765 yuan As of the end of June 2003, the total amount of owner's equity of labour protection plants was 120,765 yuan 11 employees have labour relations with IRICO Group Corporation 11 employees have labour relations with IRICO Group Corporation

18. IRICO Power Plant (affiliated to IRICO colour picture tube factory)

The power plant is a professional plant for kinetic energy production and transmission and distribution, which is wholly owned by IRICO Group. It mainly provides kinetic energy to domestic users of XianYang Group of IRICO Group, produces domestic water and distribution services, and is responsible for the treatment of production and domestic wastewater Existing fixed assets were 490 million yuan. In 2003, the factory's current sales revenue was 420 million yuan and profit of 26 million yuan. Existing 807 workers currently

(V) Companies providing ancillary products or services

19. IRICO Electronic Packaging Material Factory (also known as IRICO Bubble Factory, owned by IRICO Three Production Corporation)

The business is mainly for group companies. The company mainly produces 54cm and 64cm full brackets, and produces refined sulfuric acid and high concentrated of hydrochloric acid for Phosphor Co., Ltd. (Error, not available) Existing assets 4,300,000 yuan Mainly for machinery and equipment. 30 employees have labour relations with IRICO Group Corporation

20. IRICO Bracket Factory (attributed by the IRICO Three Production Corporation)

Business and income are mainly earned through recycling old pallets and repairs, earning the difference, exclusive supply to the company. The existing fixed assets of the factory is 530,000 yuan, of which, the housing construction is 337,000 yuan The machinery is equipped with 4.7 each, 70,000 yuan for electronic equipment, and 75,000 yuan for transport equipment. 115 employees, of whom there are 48 employees working with IRICO Group

21. IRICO Chemical Factory (attributed to the management of the Three Production Corporations)

The business is mainly to produce and supply chemical products Such as insulation fluids, water-melting adhesives, etc. In 2002, the output value was 2.49 million yuan and the profit was 240,000 yuan. As of 30 June 2003 The owner's equity is 1,360, 779 yuan. Non-performing assets were 174,532 yuan. 21 workers who work with IRICO Group Corporation.

22. IRICO Package Factory

The company mainly produces colour display device packaging boxes and other materials. It is a colour tube supporting manufacturing company jointly established by IRICO Group and the local government. IRICO Group Corporation holds 30% of the company's shares. At present, the company has 11 employees dispatched by IRICO Group

23. Shenzhen IRICO Electronics Co., Ltd. (Restructuring Pilot Units, refer the "Shenzhen IRICO Electronics Co., Ltd. Restructuring and Diversion Scheme" in the overall plan)

(VI) The wholly-owned and controlled companies with little correlation with the main business invested by IRICO Group



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24. ShanXi IRICO Construction Engineering Company (reformed pilot unit)
Refer the overall scenario for details "ShanXi IRICO Construction Engineering
Company restructuring and diversion scheme"

25. Shenzhen HongYang Industry and Trade Company

The company's main business is phosphor sales, housing rental As of 31
December 2002. Total assets 244,022,127.08 yuan Total liabilities
15,467,162.26 yuan Total owner's equity 228,554,964.82 yuan

26. China Electronic Device Industry Corporation (Reformed Pilot
Unit) Refer the overall plan "Restructuring and Diversion Scheme of China
Electronic Device Industry Corporation" for details

27. Xi'an IRICO Electric Industrial Co., Ltd.

The company is a holding company of IRICO Group. Recently, the company
has ceased operations because of business problems. As of December 31, 2002.
The total assets are RMB 77,999,911.54 and the total amount is RMB
110,117,247.22. The total equity of the owners is RMB 22,117,335.68

28. Haikou IRICO Hot Spring Hotel

The hotel is a wholly-owned subsidiary of IRICO Group. At present, the
company has ceased operations due to operating problems. As of 31 December
2002. Total assets are 79,995,391.52 yuan Total liabilities 1,135,456.44 yuan,
Total equity of owners 781,859,935.08 yuan

